



Date: Monday February 13, 2012

To: Senate Banking Democratic Staff

From: Judith Dupre, FFIEC Executive Secretary

Subject: Federal Financial Institutions Examination Council (FFIEC) Briefing

Council Mission:

- FFIEC (Council) was established on March 10, 1979, pursuant to title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 (FIRIRCA), Public Law 95-630.
- The Council is a formal interagency body empowered **to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions** by the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Consumer Financial Protection Bureau (CFPB) and **to make recommendations to promote uniformity in the supervision of financial institutions**.
- The Council is responsible for **developing uniform reporting systems** for federally supervised financial institutions, their holding companies, and the nonfinancial institution subsidiaries of those institutions and holding companies.
- The Council **conducts schools for examiners** employed by the five federal member agencies represented on the Council and makes those schools available to employees of state agencies that supervise financial institutions.
- The Council was given additional statutory responsibilities by section 340 of the Housing and Community Development Act of 1980 **to facilitate public access to data that depository institutions must disclose under the Home Mortgage Disclosure Act of 1975 (HMDA) and the aggregation of annual HMDA data, by census tract, for each metropolitan statistical area (MSA)**.
- The Council is not an agency and has no rule-writing authority or examination authority.

FFIEC Organizational Structure:

Council:

Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, Consumer Financial Protection Bureau, State Liaison Committee

- Six voting members:
 - A Governor of the Board of Governors of the Federal Reserve System designated by the Chairman of the Board
 - Chairman of the FDIC
 - Chairman of the Board of the NCUA
 - Comptroller of the Currency
 - Director of the CFPB
 - Chairman of the State Liaison Committee (see below)
- Chairmanship of the Council rotates amongst agency principals in a set order for a two-year term effective on April 1st.
- The Council holds regular meetings at least twice a year. It holds other meetings whenever called by the Chairman or four or more Council members.

State Liaison Committee (SLC):

- To encourage the application of uniform examination principles and standards by the state and federal supervisory authorities, the Council established, in accordance with the requirement of the statute, an advisory SLC composed of five representatives of state supervisory agencies. The Council elects two of the five members. The American Council of State Savings Supervisors, the Conference of State Bank Supervisors, and the National Association of State Credit Union Supervisors designate the other three members.
- SLC representatives are appointed for two-year terms and may have his or her two-year term extended by the appointing organization for an additional, consecutive two-year term.
- Each year, the SLC elects one of its members to serve as chair for twelve months.
- In accordance with the Financial Services Regulatory Relief Act of 2006, a representative state regulator was added as a voting member of the Council in October 2006.

Agency Liaison Group (ALG):

- Comprised of six senior officials drawn from the five federal member agencies, typically members of executive management, and a representative of the State Liaison Committee. The official is the principal staff contact at the agency for the Executive Secretary and is responsible for coordinating the efforts of their respective agencies' staff members to facilitate Council activities.

Legal Advisory Group (LAG):

- Comprised of the general or chief counsel of each of the member agencies, to provide support to the Council and staff in the substantive areas of concern. The task forces (see below) and the LAG provide research and develop analytical papers and proposals on the issues that the Council addresses.

Task Forces:

- The Council established six staff task forces to effectively administer the full spectrum of projects in its functional areas, including but not limited to researching future enhancements for reporting, training products, and guidance.

- The task forces are each comprised of six senior officials, drawn from the five federal member agencies and a representative of the State Liaison Committee.
- The Council designates, upon recommendations from the task forces, a task force chairman. Designations take into consideration, among other factors, the desirability of obtaining a balance of responsibilities among the five agencies and the State Liaison Committee. Each chairman designated shall serve for a period of one year effective April 1st. The Council may extend the task force chairman's term for one or more additional successive one-year terms.
- The task forces meet monthly and maintain formal meeting minutes.
- The Council delegates the following authorities to the task forces:
 1. **Task Force on Supervision:** The authority to approve for issuance FFIEC policy statements, examination procedures, and other Council guidance and to recommend that the FFIEC agencies adopt interagency policy statements, advisories, regulations, and other supervisory guidance.
 2. **Task Force on Reports:** The authority to approve proposed and final interagency reporting requirements and revisions to these requirements, filing methods and deadlines for FFIEC reports, reporting instructions and other reporting-related guidance for FFIEC reports, and initial and final Paperwork Reduction Act Federal Register notices for FFIEC reports for publication by the affected agencies and to recommend the issuance of interagency guidance on accounting matters.
 3. **Task Force on Examiner Education:** The authority to approve new courses for the Council's examiner training program.
 4. **Task Force on Information Sharing:** The authority to facilitate, among the FFIEC agencies, the sharing of electronic information to supervise, regulate, or insure banking organizations.
 5. **Task Force on Consumer Compliance:** The authority to approve for issuance FFIEC policy statements, examination procedures, and other Council guidance and to recommend that the FFIEC agencies adopt interagency policy statements, advisories, regulations, and other supervisory guidance.
 6. **Task Force on Surveillance Systems:** The authority to oversee the development and implementation of interagency monitoring systems, including the Uniform Bank Performance Report (UBPR). This includes the development of annual plans for the UBPR project, approval of an annual UBPR budget, determination of the kinds of UBPR products to be produced, and the administration and recommendation of any changes to the interagency Memorandum of Understanding that governs the production of the UBPR, sharing of costs, and assignment of agency responsibilities.

Council Staff:

- Small administrative staff of 14 full-time employees. Each Council staff member is "detailed" from one of the five member agencies represented on the Council but is

considered an employee of the Council. Seven employees are hired as Council staff members by the FRB but do not have return employment rights at the FRB. Seven employees are on temporary or permanent detail assignment from one of the member agencies and have return employments rights at their home agency.

- Executive Secretary (1): The Executive Secretary (currently an agency detailee from the FDIC) reports to the Chair of the Council, is an ex officio member of each FFIEC Task Force, facilitates Council activities through the ALG, oversees the day-to-day Council operations consistent with the goals, priorities, and guidance of Council members; and manages the Council staff.
- Operations Staff (3): (1) Senior Program Coordinator and (2) Uniform Bank Performance Report (UBPR) Coordinators (agency detailees from the OCC and FDIC).
- Examiner Education Office (10): (1) Manager, (3) Training Technicians, (1) Training Assistant, (1) Operations Assistant, and (4) Senior Program Administrators (agency detailees from (2) FRB, (1) NCUA, (1) current vacancy).

Additional Support:

- FRB acts as Administrative Agent for the FFIEC, providing accounting, procurement, personnel, website, and legal services as needed. The FRB Chief Financial Officer and Inspector General coordinate the external audit function performed currently by Deloitte and Touche LLP.
- FDIC leases office space and training space (classroom and conference facilities) to the FFIEC at the FDIC's L. William Seidman Center in Arlington, VA. As part of the lease agreement, the FDIC provides computer support to all staff members.
- The lead agency, as determined by the current Council Chair, provides additional support to the Council staff to assist with Congressional inquiries, media inquiries, and Freedom of Information Act requests.

Budget:

- The Council approves the FFIEC Budget on a calendar year basis.
- The FFIEC Budget consists of seven individual budget components for the following areas: Operations, Examiner Education, Home Mortgage Disclosure Act, Community Reinvestment Act, Private Mortgage Insurance Companies, the Uniform Bank Performance Report (UBPR), and the Central Data Repository Project. With the exception of Operations, each individual budget is reviewed and approved by the respective task force responsible for the area prior to the Council approval.
- For 2012, the FFIEC Budget was approximately \$14 million.
- The Council's activities are funded in several ways. Most of the Council's funds are derived from assessments on its five federal member agencies. It also receives tuition fees from non-agency attendees (Farm Credit Administration, Federal Housing Finance Agency, and the Treasury's Financial Crimes Enforcement Network) to cover some of the costs associated with its examiner education program.

Examiner Education Office (EEO):

- On behalf of the Council, The EEO conducts training programs for federal and state financial institution examiners. Programs are expressly designed to meet the needs of post-commissioned examiners.
- Both classroom and conference programs are delivered utilizing both in-house agency speakers and instructors as well as contracted instructors and external industry presenters.
- The goals of the training program are to:
 1. Promote training efficiency by encouraging consistency of examiner education through joint sponsorship of interagency training;
 2. Develop, maintain, and deliver timely, cost-effective, and state-of-the-art interagency training;
 3. Serve as a clearinghouse of training opportunities offered by the member agencies; and
 4. Provide support to the initiatives of the Council and its task forces.
- Since its inception in 1979, the Council has provided training for 96,000 participants. In 2012, the EEO will deliver 95 training sessions for 3,905 individuals from the agencies (3,758) as well as non-member agency attendees (147).
- The FFIEC EEO offerings are assessed annually to assure the examiners are kept up-to-date on various topics in a changing economic environment. The Course Catalog and Course Schedule are available on the FFIEC Website.

FFIEC Appraisal Subcommittee (ASC):

- Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 amended the FIRIRCA Act of 1978 to create the ASC "within" the FFIEC on August 9, 1989.
- Per Title XI, the ASC's mission is to monitor federal, state, and appraisal industry initiatives relative to the appraisal process at federally regulated financial institutions and maintain a national registry of appraisers eligible to perform appraisals for federally related real estate transactions.
- As an independent FFIEC subcommittee, the ASC is funded by fees collected through the registry.
- The ASC board has seven members, one from each of these agencies: OCC, FRB, FDIC, NCUA, CFPB, FHFA and U.S. Department of Housing and Urban Development (HUD).
- The Council's responsibilities related to the ASC are:
 1. Select the ASC Board Chair for a two-year term;
 2. Approve any ASC decision to raise the annual National Registry Fee above \$40, up to the statutory limit of \$80;
 3. Approve any determination by the ASC to waive any certification or licensing requirement if there is scarcity of appraisers in connection with federally related transactions within a state; and
 4. Approve any determination by the ASC to extend the effective date of the requirements for the registration and supervision of appraisal management companies for an additional twelve months, once those requirements have been issued by the designated agencies (FRB, FDIC, OCC, NCUA and CFPB).

Additional Documents Provided:

- FFIEC Organizational Chart as of February 13, 2012
- 2010 Annual Report
- 2012 Examiner Education Course Catalogue